

7 Collections

Overview

This chapter provides information about Federal government tax and non-tax collections through the ACH.

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A. Federal Tax Collections

Electronic Federal Tax Payment System (EFTPS) Overview

The Electronic Federal Tax Payment System (EFTPS) is a tax system that offers businesses the convenience of making ALL their Federal tax payments electronically 24 hours a day, 7 days a week, instead of using paper coupons. EFTPS is the preferred method for making Federal tax payments.

IRS regulations require businesses that pay at least \$200,000 in payroll taxes to use EFTPS to pay all their Federal business taxes electronically. In addition, any taxpayer may volunteer to make all or a portion of their tax payments through EFTPS.

EFTPS Enrollment

Taxpayers using EFTPS to make their Federal tax payments must complete an enrollment process prior to making their first live payments. An enrollment form should be completed for each Taxpayer Identification Number (TIN) or bank account.

Business taxpayers may request the Business Enrollment Form 9779 and Instructions by calling the EFTPS Customer Service. (See EFTPS Assistance at end of this chapter.)

Individual taxpayers may request the Individual Enrollment Form 9883 and Instructions by calling the EFTPS Customer Service. (See EFTPS Assistance at end of this chapter.)

Financial institutions may make Business and Individual Enrollment Forms and Instructions available to their customers. Forms may be ordered by calling the EFTPS Customer Service. (See EFTPS Assistance at end of this chapter.)

EFTPS offers taxpayers two primary payment methods: EFTPS-Direct (ACH Debit), and EFTPS Through a Financial Institution (ACH Credit). A Same Day Payment mechanism is also available through Fedwire or the Fedline Taxpayer Deposit Application.

EFTPS-Direct (ACH Debit)

The taxpayer must report the tax payment to EFTPS at least one calendar day (but not more than 30 business days) prior to tax due date, before an ACH Debit can be initiated. Taxpayers can report taxes to EFTPS through the telephone voice response system or by personal computer using EFTPS PC software. The ACH Debit tax payment is then initiated and posts against the taxpayer's bank account on the date indicated by the taxpayer.

Prenotification

As part of the EFTPS-Direct enrollment process, EFTPS originates a prenotification entry to the taxpayer's account. It is the responsibility of the RDFI to review the prenotification entry and respond accordingly. A financial institution may be assessed late fees by Treasury where the RDFI failed to respond to a prenotification entry containing incorrect information.

Format

EFTPS originates ACH debit entries using the Cash Concentration or Disbursement (CCD) format.

Reversals

EFTPS-Direct follows the NACHA Operating Rules for reversal entries.

EFTPS Through a Financial Institution (ACH Credit)

Taxpayers may initiate tax payments through an electronic customer delivery system offered by their financial institution. Taxpayers must first make sure their financial institution offers a service to originate ACH Credit tax payment transactions. Financial institutions are strongly encouraged to originate a zero dollar entry prior to the first ACH Credit payment.

Format

EFTPS requires financial institutions to originate the ACH Credit tax payment in the Cash Concentration or Disbursement + Tax Payment Addenda Record (CCD+TXP) format. The format is contained in the taxpayer's enrollment confirmation package, and financial institutions should refer to the NACHA Operating Rules for additional information regarding the TXP record format.

Returns and Reversals

EFTPS follows the NACHA Operating Rules for returns and reversals.

Same Day Payments

Same Day Payments can be used by enrolled taxpayers as a back up to the ACH Debit or Credit payment options or as a primary payment mechanism. Taxpayers are automatically enrolled for Same Day Payments when they submit their enrollment form.

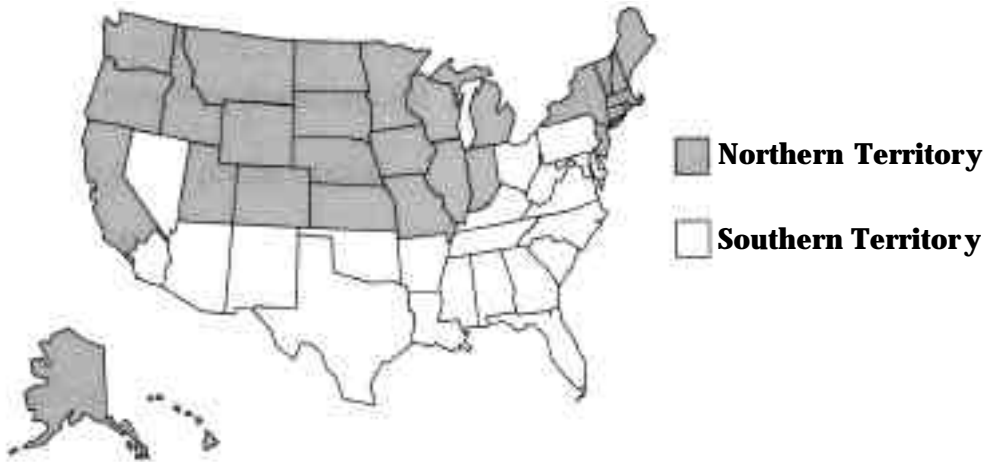
There are three Same Day Payment mechanisms: Value Fedwire, Non-Value Fedwire, and the Fedline Taxpayer Deposit Application.

For more information, please contact your Fedwire operations area or your local Federal Reserve Bank Operations Area.

EFTPS Assistance

If a taxpayer is initiating Federal tax payments using EFTPS Through a Financial Institution (ACH Credit) see below for the appropriate customer service helplines.

	Northern Territory	Southern Territory
Routing Number	071036210	061036000
Account Number	04236036	23401009
Taxpayer Enrollment/Helpline	1 (800) 945-8400	1 (800) 555-4477
Financial Institution Helpline	1 (800) 945-7900	1 (800) 605-9876



For further information, see Contacts Chapter 8.

Financial Management Service
 Financial Services Division
 401 14th St, S.W., Third Floor
 Washington, DC 20227
 (202) 874-6580

B. Federal Non-Tax Collections

Direct Payment (Preauthorized Debit)

General

Direct Payment/ACH debit is an electronic transfer of funds via the ACH system from the remitter's account to the agency's account. The remitter (consumer or corporation) gives advance written authorization to the agency to process the ACH debit against the remitter's account at a financial institution.

Examples of Direct Payment applications include:

- Loan payments
- Grant repayments
- License fees.

Enrollment

The Federal agency receiving payments from remitters by means of a debit must obtain a completed SF 5510 (Authorization Agreement for Preauthorized Payments) or other approved authorization form from the remitter. This authorization allows the agency to process a debit against the remitter's bank account. The agency must advise the remitter of the amount and frequency of the debits and any changes to the amount or frequency unless the remitter has specifically waived the right to this notice.

There are two types of debit applications that the Federal agency may use: (1) recurring and (2) single debit.

Recurring Debits

Recurring debits are authorized by the remitter in writing, in advance, to occur at regular intervals. For the life of the agreement with the remitter, only one authorization is needed unless the terms of the agreement change.

Single Debits

Single debits allow a remitter the opportunity to maintain control over his/her funds by a separate authorization for each payment.

Establishing a Direct Payment (ACH Debit) Application

Prior to initiating ACH Debit items, an agency must obtain an authorization from its remitters. The FMS provides Federal agencies with two ODFI service options to allow agencies to choose the level of service which best fits their needs.

FMS Lockbox Network Financial Institutions

The FMS General Lockbox Network financial institutions provide a wide range of lockbox services to Federal agencies including ACH collections. One of these banks may serve as the agency's ODFI processing both recurring and single debits.

FMS Regional Financial Center

The Kansas City Regional Financial Center (RFC) of the Department of the Treasury, Financial Management Service, can serve as an ODFI, for recurring debit programs on behalf of Federal agencies.

Summary of ACH Debit Products

Mechanism	ACH Method	Type of Payment	Remitter Base
General Lockbox Network (Electronic Lockbox)	Debit	Recurring/Single Constant/Varying amount	Individuals and Corporations
Kansas City Financial Center	Debit	Recurring Constant/Varying amount	Individuals and Corporations

Assistance

For further information, see Contacts Chapter 8 or contact the Customer Assistance Staff for your area of the country.

Financial Management Service
Product Promotion Division - Marketing Issues
(202) 874-6540

Financial Management Service
Financial Services Division - Operational Questions
(202) 874-6580

PAD Authorization Form (SF 5510)

AUTHORIZATION AGREEMENT FOR PREAUTHORIZED PAYMENTS			
_____ (AGENCY NAME)			
PAPERWORK REDUCTION ACT AND PRIVACY ACT STATEMENT			
<p>The following information is provided to comply with the Privacy Act of 1974 (P.L. 93-579). The information requested on the form is required under various provisions of title 15 U.S.C. 1601, 12 CFR 205 and 31 CFR 202, for the purpose of providing authority to the Department of Treasury to designate financial institutions to collect payments, by electronic means, from your account. The information will be used for identification with the records of the government agency and the financial institution to direct your payments to the point you authorize. No deduction may be made unless a signed authorization form is received. Failure to furnish this information may delay or prevent the collection of these payments through the Automated Clearing House System.</p>			
INDIVIDUAL/COMPANY INFORMATION			
INDIVIDUAL/ORGANIZATION NAME: (PLEASE PRINT) _____			
STREET ADDRESS: _____			
CITY/STATE: _____		ZIP CODE: _____	
TELEPHONE NUMBER: _____		AREA CODE: _____	
YOUR AGENCY ACCOUNT IDENTIFICATION NUMBER: _____		TYPE OF PAYMENT: _____	
<p>I hereby authorize the initiation of a deduction from my account and the financial institution named below to debit such account. I understand I will be notified if the debit amount needs to be adjusted, either to be increased or decreased. I also understand that I have the right to stop automatic payment by notifying my financial institution in writing three days prior to the time my account is charged.</p>			
SIGNATURE: _____		DATE: _____	
FINANCIAL INSTITUTION INFORMATION			
FINANCIAL INSTITUTION NAME: _____			
STREET ADDRESS: _____			
CITY/STATE: _____		ZIP CODE: _____	
NINE - DIGIT ROUTING TRANSIT NUMBER:			
ACCOUNT TITLE: _____			
ACCOUNT NUMBER: _____		<input type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS	
SIGNATURE AND TITLE OF REPRESENTATIVE: _____		TELEPHONE NUMBER: _____	AREA CODE: _____
			DATE: _____
STANDARD FORM 5510 (July 1988) NSN 7540-01-280-5504		5510-101 DEPARTMENT OF THE TREASURY 31 CFR 202 and 206; 1 TFM 6-8000	

ACH Credits

An ACH credit allows the remitter to originate an ACH transaction for payment to an agency through his/her financial institution. The remitter initiates the payment by requesting the FI to send a credit to the agency's designated ACH receiving point (the RDFI). This allows the remitter to maintain control over both the timing and the amount of the payment.

The agency notifies the remitter of the amount of the obligation due the government. At this time, or by prior agreement, the agency advises the remitter of the banking information required to properly credit the payment to the agency's account, the information necessary to properly identify the payment, and the acceptable formats to use. (For specific format information, see the NACHA Operating Rules.)

Prior to receiving ACH credit items, an agency must initiate an agreement with FMS and the RDFI. The FMS provides Federal agencies with two RDFI service options to allow agencies to choose the level of service which best fits their needs.

FMS Lockbox Network Financial Institutions

The lockbox financial institutions can serve as the RDFI for the agency and process and receive ACH credits. The banks have the capacity to receive information from the agency, from the remitter, or directly from the ACH system.

Remittance Express

Remittance Express (REX) is a program which allows the Federal government to receive ACH credits directly from the private sector, for payment to the agency by receiving ACH credit transactions at a unique routing number at the Federal Reserve Bank of Richmond.

Types of REX Applications

REX applications are well suited for credit type transactions, where a private sector remitter initiates a payment to the Government, such as...

- Medical care recovery cost from insurance companies,
- Various types of fees, e.g., Electrical Power User Fees, Petroleum Reserve Fees, etc.,
- Energy sales,
- Pollution payments, and
- Medical payments.

REX Enrollments

To enroll in the REX program a Federal agency must first sign a Memorandum of Understanding (MOU) with the FMS and complete a REX Agency Account Set-up Form.

Format

REX accepts the Cash Concentration or Disbursement Plus Addendum (CCD+) and the Corporate Trade Exchange (CTX) formats.

Summary of ACH Credit Products

Mechanism	ACH Method	Type of Payment	Remitter Base
General Lockbox Network (Electronic Lockbox)	Credit	Recurring/Single Constant/Varying amount	Individuals and Corporations
Remittance Express	Credit	Recurring Constant/Varying amount	Corporations

Assistance

For questions concerning REX, see Contacts Chapter 8 or contact the Customer Assistance Staff for your area of the country.

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401 14th St, S.W., Third Floor
Washington, DC 20227
(202) 874-6580